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LA CASA DE LAS MADRES

FINANCIAL STATEMENTS,  
SUPPLEMENTAL SCHEDULE,  
and  
ADDITIONAL INFORMATION

JUNE 30, 2008

DATE RECEIVED:



AUDIT REVIEW #(s) 04612

Assigned To: ln

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
La Casa de Las Madres

We have audited the accompanying Statement of Financial Position of La Casa de Las Madres (a nonprofit organization) as of June 30, 2008 and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from La Casa de Las Madres' June 30, 2008 financial statements and, in our report dated December 18, 2007 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of La Casa de Las Madre's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of La Casa de Las Madres as of June 30, 2008 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2008, on our consideration of La Casa de Las Madres' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of La Casa de Las Madres taken as a whole. The accompanying Schedule of Expenditures of Federal and Non-federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "*Audits of States, Local Governments, and Nonprofit Organizations*," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

Harrington Group

San Francisco, California  
December 2, 2008

# LA CASA DE LAS MADRES

## STATEMENT OF FINANCIAL POSITION

June 30, 2008

With comparative totals at June 30, 2007

	2008	2007
<b>Assets</b>		
Cash and cash equivalents (Note 2)	\$ 1,032,849	\$ 852,362
Accounts receivable	246,711	331,327
Pledges receivable (Note 3)	65,000	66,500
Investments	-	3,398
Prepaid expenses	35,077	28,417
Property and equipment (Note 4)	1,290,899	1,347,464
<b>Total assets</b>	<b>\$ 2,670,536</b>	<b>\$ 2,629,468</b>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 24,218	\$ 66,096
Accrued liabilities (Note 5)	78,337	69,538
Accrued unemployment liability (Note 6)	15,500	18,500
Note payable (Note 7)	825,941	836,355
<b>Total liabilities</b>	<b>943,996</b>	<b>990,489</b>
<b>Net assets</b>		
Unrestricted	1,726,540	1,638,979
Temporarily restricted	-	-
<b>Total net assets</b>	<b>1,726,540</b>	<b>1,638,979</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,670,536</b>	<b>\$ 2,629,468</b>

The accompanying notes are an integral part of these financial statements.

# LA CASA DE LAS MADRES

## STATEMENT OF ACTIVITIES

For the year ended June 30, 2008

With comparative totals for the year ended June 30, 2007

	2008	2007
<b>Revenue</b>		
Government contract revenues (Note 10)	\$ 1,418,535	\$ 1,464,971
Contributions	825,027	741,705
In-kind donations (Note 11)	60,360	147,421
Special event - net of expenses	-	46,321
Dividend and interest income	36,071	29,392
Other	8,224	1,642
(Loss) on investment	(970)	(13,603)
Loss on disposal of property and equipment	-	(25,275)
<b>Total revenue</b>	<b>2,347,247</b>	<b>2,392,574</b>
<b>Expenses</b>		
Program services	2,008,054	1,900,402
Support services	251,632	275,359
<b>Total expenses</b>	<b>2,259,686</b>	<b>2,175,761</b>
<b>Change in net assets</b>	<b>87,561</b>	<b>216,813</b>
<b>Net assets, beginning of year</b>	<b>1,638,979</b>	<b>1,422,166</b>
<b>Net assets, end of year</b>	<b>\$ 1,726,540</b>	<b>\$ 1,638,979</b>

The accompanying notes are an integral part of these financial statements.

LA CASA DE LAS MADRES

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2008

With comparative totals for the year ended June 30, 2007

	Program Services		Total		Support Services		Total		Total Expenses	
	Residential Services	Non-Residential Services	Community Education	Program Services	Management and General	Fundraising	Support Services		2008	2007
Salaries	\$ 487,449	\$ 518,333	\$ 100,156	\$ 1,105,938	23,666	\$ 111,663	\$ 135,329	\$	1,241,267	\$ 1,120,091
Payroll taxes and fringe benefits	117,080	109,983	18,991	246,054	3,620	19,814	23,434		269,488	250,409
Total personnel costs	604,529	628,316	119,147	1,351,992	27,286	131,477	158,763		1,510,755	1,370,500
Professional fees and services	92,839	129,528	6,742	229,109	14,656	9,185	23,841		252,950	327,705
Other operating expenses	61,311	41,932	6,342	109,585	5,879	12,393	18,272		127,857	152,083
Rent and other occupancy	70,952	34,554	4,129	109,635	8,975	5,624	14,599		124,234	70,978
Depreciation	44,713			44,713	19,329		19,329		64,042	65,426
Supplies	15,523	31,102	4,063	50,688	1,129	10,396	11,525		62,213	74,085
Interest expense	54,057			54,057					54,057	54,710
Repair and maintenance	36,720	4,329	491	41,540	1,174	669	1,843		43,383	40,900
Insurance	7,570	8,187	978	16,735	2,127	1,333	3,460		20,195	19,374
Total 2008 functional expenses	\$ 988,214	\$ 877,948	\$ 141,892	\$ 2,008,054	\$ 80,555	\$ 171,077	\$ 251,632	\$	2,259,686	
Total 2007 functional expenses	\$ 944,172	\$ 805,152	\$ 151,078	\$ 1,900,402	\$ 124,199	\$ 151,160	\$ 275,359	\$		\$ 2,175,761

The accompanying notes are an integral part of these financial statements.

# LA CASA DE LAS MADRES

## STATEMENT OF CASH FLOWS

For the year ended June 30, 2008

With comparative totals for the year ended June 30, 2007

	2008	2007
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 87,561	\$ 216,813
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	64,042	65,426
Loss on investments	3,398	13,603
Loss on disposal of property and equipment	-	25,275
Changes in operating assets and liabilities:		
Decrease in accounts receivable	84,616	64,899
(Increase) decrease in pledges receivable	1,500	(66,500)
(Increase) decrease in prepaid expenses	(6,660)	13,564
(Decrease) in accounts payable	(41,878)	(9,235)
Increase in accrued liabilities	8,799	2,934
(Decrease) in accrued unemployment liability	(3,000)	-
(Decrease) in deferred revenue	-	(2,317)
<b>Net cash provided by operating activities</b>	<b>198,378</b>	<b>324,462</b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(7,477)	(93,760)
<b>Net cash (used) by investing activities</b>	<b>(7,477)</b>	<b>(93,760)</b>
<b>Cash flows from financing activities:</b>		
Principal payments on note payable	(10,414)	(9,761)
<b>Net cash (used) by investing activities</b>	<b>(10,414)</b>	<b>(9,761)</b>
<b>Net increase in cash and cash equivalents</b>	<b>180,487</b>	<b>220,941</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>852,362</b>	<b>631,421</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,032,849</b>	<b>\$ 852,362</b>
<b>Supplemental disclosure:</b>		
Operating activities reflect interest paid of:	\$ 54,057	\$ 54,710

The accompanying notes are an integral part of these financial statements.

# LA CASA DE LAS MADRES

## NOTES TO FINANCIAL STATEMENTS

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### 1. Organization

La Casa de las Madres (“La Casa”) is a California not-for-profit corporation originally established in 1976. La Casa’s mission is to respond to calls for help from domestic violence victims, of all ages, 24 hours a day, 365 days a year. La Casa gives survivors the tools to transform their lives. La Casa seeks to prevent future violence by educating the community and by redefining public perceptions about domestic violence.

La Casa accomplishes its mission by utilizing strength-based empowerment models to provide expert intervention and prevention services to more than 15,000 community members each year. In FY 2008, 1,827 women, teens and children received direct intervention; La Casa responded to 4,279 crisis line callers; and they conducted 407 educational events informing 13,174 teens and adults while reaching more than 63,000 community members. Programmatic offerings include:

- Two (2) statewide, toll-free *Hotlines*, an adult and a teen line, offering 24-hour crisis counseling, shelter access, information and referrals;
- The *Domestic Violence Response Team*, a collaboration with the San Francisco Police Department’s Domestic Violence Response Unit, providing crisis response to crime scenes and hospitals alongside intervention services to encourage victims’ safety and facilitate their access to resources;
- An eight (8) week *Emergency Shelter Program* offering safe shelter, food, clothing, advocacy, counseling, and family-based services to up to 35 women and children each night;
- The *Drop-In Counseling Center*, offering practical and emotional support to domestic violence victims who have exited or who are not seeking shelter;
- The *Teen Program*, offering age-appropriate counseling, support groups, advocacy, and referrals to adolescents;
- The *Safe Havens Project*, offering domestic violence victims with systemic and individual assistance in achieving custody orders and visitation plans with their batterers, when they are ordered by the Court, prioritizing their safety and the safety of their children;
- The *Mary Elizabeth Inn Case Management Program*, providing housing stability, community-building and emotional support to residents of the 90-room women’s transitional/permanent housing facility;
- The *Safe Housing Project*, offering emotional, practical and policy support to San Francisco’s permanent family supportive housing site residents, through site-specific service designs, empowering outreach and education, helping them build a community, from within, that does not tolerate domestic violence; and

continued



**LA CASA DE LAS MADRES**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. Organization, continued**

- The *Community Education and Outreach Program*, seeking to prevent domestic violence among teens and adults and motivate social change through public awareness and education.

La Casa receives its funding from private contributions and from county and state government agencies, with certain portions of its funding originating from the federal government.

**2. Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting.

**Accounting**

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of La Casa are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

**Unrestricted.** These generally result from revenue generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

**Temporarily Restricted.** La Casa reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions. La Casa had no temporarily restricted net assets at June 30, 2008.

**Permanently Restricted.** These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit La Casa to expend all of the income (or other economic benefits) derived from the donated assets. La Casa had no permanently restricted net assets at June 30, 2008.

# LA CASA DE LAS MADRES

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### **Cash and Cash Equivalents**

La Casa has defined cash and cash equivalents as cash in banks and certificates of deposits with an original maturity of six months or less.

#### **Accounts Receivable**

Accounts receivable are receivables from governmental agencies. Therefore, no allowance for doubtful accounts has been provided.

#### **Contributions and Pledges Receivable**

Unconditional contributions, including pledges recorded at estimated net realizable value, are recognized as revenue in the period received. La Casa reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. La Casa reports unconditional contributions whose restrictions are met in the same reporting period as unrestricted support.

#### **Investments**

La Casa values its investments at fair value. Unrealized gains or losses (including investments bought, sold, and held during the year) are reflected in the Statement of Activities as gain on investments.

#### **Concentration of Credit Risks**

La Casa places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. La Casa has not incurred losses related to these investments or cash equivalents and transfers funds to other institutions on a regular basis to manage this risk.

The primary receivable balance outstanding at June 30, 2008 consists of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of La Casa's receivables consist of earned fees from contract programs granted by governmental agencies.

#### **Property and Equipment**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand dollars and the useful life is greater than one year.

continued

# LA CASA DE LAS MADRES

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### **Donated Materials and Services**

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received (see Note 10).

A number of unpaid volunteers have made significant contributions of their time to La Casa. However, the value of these services is not reflected in these statements because the criteria for recognition have not been satisfied.

#### **Income Taxes**

La Casa is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

#### **Functional Allocation of Expenses**

Costs of providing La Casa's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. La Casa uses full-time employee equivalents to allocate indirect costs.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented.

#### **Comparative Totals**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with La Casa's financial statements for the year ended June 30, 2007 from which the summarized information was derived.

**LA CASA DE LAS MADRES**  
**NOTES TO FINANCIAL STATEMENTS**

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**3. Pledges Receivable**

Pledges receivable are recorded as support when pledged unless designated otherwise. All pledges are valued at estimated fair value at June 30, 2008 and are deemed fully collectible. Accordingly, no allowance for uncollectible pledges has been recorded as of June 30, 2008. Pledges receivable at June 30, 2008 was \$65,000 and is expected to be collected within one year.

**4. Property and Equipment**

Property and equipment at June 30, 2008 consist of the following:

Land	\$ 423,705
Building	786,880
Leasehold improvements	144,326
Furniture and equipment	<u>197,028</u>
	1,551,939
Less: accumulated depreciation	<u>(261,040)</u>
	<u>\$1,290,899</u>

**5. Accrued Liabilities**

Accrued liabilities at June 30, 2008 consist of the following:

Accrued vacation	\$64,336
Accrued wages	<u>14,001</u>
	<u>\$78,337</u>

**6. Accrued Unemployment Liability**

La Casa has elected to be self-insured for the purposes of California State Unemployment Insurance. Accrued unemployment liability at June 30, 2008 of \$15,500 represents estimated future claims arising from payroll paid to June 30, 2008. Unemployment expense for the year ended June 30, 2008 was \$2,356.

# LA CASA DE LAS MADRES

## NOTES TO FINANCIAL STATEMENTS

### 7. Note Payable

Note payable at June 30, 2008 consists of the following:

Note payable to Northern Trust Bank of California N.A., secured by a deed of trust on real property, monthly payments of \$5,373, including interest at 6.5%, due February 2036. The balance on the note payable at June 30, 2008 was \$825,941.

Maturities for the note payable are as follows:

<u>Year ended June 30,</u>	
2009	\$ 10,958
2010	11,692
2011	12,475
2012	13,310
2013	14,202
Thereafter	<u>763,304</u>
	<u>\$825,941</u>

### 8. Line of Credit

La Casa has an unsecured line of credit in the amount of \$150,000 from a bank, at an interest rate of 2.0% above the prime rate in effect per annum, due December 26, 2008. No amount was outstanding at June 30, 2008.

### 9. Commitments and Contingencies

#### Obligations under Operating Leases

La Casa leases various facilities and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

<u>Year ended June 30,</u>	
2009	\$ 93,172
2010	94,927
2011	99,840
2012	101,809
2013	101,303
Thereafter	<u>71,948</u>
	<u>\$562,999</u>

Rent expense under operating leases for the year ended June 30, 2008 was \$88,891.

continued

**LA CASA DE LAS MADRES**  
**NOTES TO FINANCIAL STATEMENTS**

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**9. Commitments and Contingencies, continued**

**Contracts**

La Casa's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, La Casa has no provisions for the possible disallowance of program costs on its financial statements.

**10. Government Contract Revenues**

Government contract revenues for the year ended June 30, 2008 consist of the following:

City and County of San Francisco:	
Department on the Status of Women	\$ 357,795
Department of Human Services	175,643
Emergency Shelter Grant Program	77,299
Community Development Block Grant	50,000
Department of Children, Youth, and Their Families	75,000
Department of Public Health	38,588
State of California:	
Office of Emergency Services ("OES")	372,842
Department of Health Services	221,329
FEMA – emergency food and shelter national board program	15,571
Child and Adult Care Food Program	24,018
Department of Housing and Community Development	<u>10,450</u>
	<u>\$1,418,535</u>

**11. In-kind Donations**

In-kind donations at June 30, 2008 consist of the following:

Legal services	\$57,355
Other	<u>3,005</u>
	<u>\$60,360</u>

# LA CASA DE LAS MADRES

## NOTES TO FINANCIAL STATEMENTS

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### 12. Domestic Violence Shelter Program – OES

Costs incurred for the domestic violence shelter program relating to the OES funding are included in program services on the Statement of Functional Expenses. These costs for the year ended June 30, 2008 consist of the following:

<u>Category</u>	<u>Grant #</u> <u>DV07201262</u>	<u>Grant #</u> <u>VA07031262</u>	<u>Total</u>
Personnel services	\$191,672	\$141,336	\$333,008
Operating expenses	<u>8,400</u>	<u>31,434</u>	<u>39,834</u>
<b>Total</b>	<u>\$200,072</u>	<u>\$172,770</u>	<u>\$372,842</u>

LA CASA DE LAS MADRES

SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS  
For the year ended June 30, 2008

	Federal CFDA Number	Governmental Revenue		Program Expenditures From Governmental Revenue
		Federal	Non-federal	
<b>Federal awards</b>				
Agency/Program Grant Title				
<b>Major awards</b>				
U.S. Department of Health and Human Services:				
Pass-through State of California Office of Criminal Justice Planning				
Grants for Battered Women's Shelters	93.671	\$ 212,715	\$ -	\$ 212,715
U.S. Department of Justice:				
Pass-through State of California Office of Criminal Justice Planning				
Crime Victim Assistance	16.575	98,522		98,522
<b>Total major awards</b>		311,237	-	311,237
<b>Non-major awards</b>				
U.S. Department of Housing and Urban Development:				
Pass-through City and County of San Francisco				
Emergency Shelter Grants Program	14.231	77,299		77,299
U.S. Department of Housing and Urban Development:				
Pass-through City and County of San Francisco				
Community Development Block Grant	14.218	50,000		50,000
Federal Emergency Management Administration:				
Emergency Food and Shelter Program	97.024	15,571		15,571
U.S. Department of Justice:				
Pass-through State of California Office of Criminal Justice Planning				
Violence Against Women Formula Grants	16.588	29,487		29,487
U.S. Department of Agriculture:				
Pass-through California Department of Education				
Child Care Food Program	10.558	24,018		24,018
<b>Total non-major awards</b>		196,375	-	196,375
<b>Non-federal awards</b>				
City and County of San Francisco Department of Status of Woman:				
Domestic Violence Shelter Services			357,795	357,795
State of California Department of Health Services:				
Maternal and Child Health Grant			221,329	221,329
U.S. Department of Human Services:				
Pass-through community organizations			175,643	175,643
Governor's Office of Emergency Services:				
Domestic Violence Assistance Program			32,118	32,118
City and County of San Francisco Department of Children, Youth and their Families:				
Family Services Program			75,000	75,000
State of California Department of Housing and Community Development:				
Emergency Housing Assistance Program			10,450	10,450
City and County of San Francisco Department of Public Health:				
Homeless Youth Mental Health Services			38,588	38,588
<b>Total non-federal awards</b>		-	910,923	910,923
<b>Total federal and non-federal awards</b>		\$ 507,612	\$ 910,923	\$ 1,418,535

Summary of Significant Accounting Policies

1. Basis of Accounting - The Schedule of Expenditures of Federal and Non-federal Awards has been reported on the accrual basis of accounting.
2. La Casa is exempt from income taxation under Internal Revenue Code Section 501(c)(3) and California Revenue Taxation Code Section 23701d.



**SUPPLEMENTAL SCHEDULE**

## ADDITIONAL INFORMATION



Harrington Group  
CERTIFIED PUBLIC ACCOUNTANTS, LLP

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**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance With *Government Auditing Standards***

To the Board of Directors  
La Casa de Las Madres

We have audited the financial statements of La Casa de Las Madres ("La Casa") as of and for the year ended June 30, 2008 and have issued our report thereon dated December 2, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting.** In planning and performing our audit, we considered La Casa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of La Casa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of La Casa's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects La Casa's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of La Casa's financial statements that is more inconsequential will not be prevented or detected by La Casa's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by La Casa's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters.** As part of obtaining reasonable assurance about whether La Casa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Harrington Group*

San Francisco, California  
December 2, 2008



## Harrington Group

CERTIFIED PUBLIC ACCOUNTANTS, LLP

### Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

J. Joseph Harrington  
Job M. Quesada  
Sean E. Cain  
Tonetta L. Conner

To the Board of Directors  
La Casa de Las Madres

**Compliance.** We have audited the compliance of La Casa de Las Madres ("La Casa") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. La Casa's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of La Casa's management. Our responsibility is to express an opinion on La Casa's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about La Casa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on La Casa's compliance with those requirements.

In our opinion, La Casa complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

**Internal Control Over Compliance.** The management of La Casa is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered La Casa's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of La Casa's internal control over compliance.

A *control deficiency* in La Casa's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects La Casa's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not prevent or detected by La Casa's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by La Casa's internal control.

Our consideration of internal control over compliance was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Harrington Group*

San Francisco, California  
December 2, 2008

**LA CASA DE LAS MADRES**  
**Schedule of Findings and Questioned Costs**  
For the year ended June 30, 2008

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued:		unqualified
Internal control over financial reporting:		
• Material weakness(es) identified?	_____yes	_____x_____no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____yes	_____x_____none reported
Non-compliance material to financial statements noted?	_____yes	_____x_____no

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	_____yes	_____x_____no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____yes	_____x_____none reported
Type of auditor’s report issued on compliance for major programs:		unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____yes	_____x_____no

Dollar threshold used to distinguish between Type A and Type B programs:		\$300,000
Auditee qualified as low-risk auditee?	_____x_____yes	_____no

Identification of Major Awards:

CFDA Number(s)  
93.671

Name of Federal Program or Cluster

U. S. Department of Health and Human Services:  
Pass-through, State of California Office of Criminal Justice:  
Grants for Battered Women’s Shelters

16.575

Department of Justice:  
Pass-through, State of California Office of Criminal Justice:  
Crime Victim Assistance

**Section II – Financial Statements Findings**

There are no findings required to be reported in accordance with *Generally Accepted Government Auditing Standards*.

**Section III – Federal Award Findings and Questioned Costs**

There are neither findings nor questioned costs for Federal awards as defined in OMB Circular A-133.

**Section IV – Summary Schedule of Prior Year Findings**

None.